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CC: 11-01-63

E. HOUNTNER C/O MR. MAXWELL'S OFFICE

CC: L. RUMBLE (PME)

THE FOLLOWING IS THE DRAFT RI FLASH. FOR YOUR INFORMATION,  
LAST FLASH HAD FOLLOWING DISTRIBUTION: RWM AND WTM IN LAUSANNE,  
HM, ~~LP~~, TMK, RLS AND FHD IN NEW YORK.

RI FLASH - WEEK ENDING JANUARY 8, 1962

1. LEGAL

A) EEC

PROFESSOR A. GUTOWSKY AND HIS ASSISTANT, MR. M. KRAKOWSKY,  
VISITED PM ON JANUARY 6 ON A FACT-FINDING MISSION RELATING TO  
THEIR ECONOMIC STUDY ON THE IMPACT OF COMPETITION OF THE PM  
INVESTMENT IN BOTHWAHS. THIS WILL BE PRESENTED BY PM IN MARCH,  
OR EARLY APRIL. RI HAVE ENGAGED PROFESSOR ALBACH TO UNDERTAKE A  
SIMILAR STUDY FOR THEM.

B) GERMANY

LAWYERS ARE MEETING ON MONDAY, JANUARY 11 IN FRANKFURT TO  
DISCUSS PROPOSED COMMITMENTS ON MAINTAINING BRINKMANN'S  
INDEPENDENCE AND COMPETITION BETWEEN M. BRINKMANN AND PMG, AS  
WELL AS THE REPLY BRIEF TO THE FCC. A MEETING IS SCHEDULED FOR  
FRIDAY, JANUARY 15 WITH THE FCC TO DISCUSS THESE ISSUES.

C) CANADA

F.H. DULLES, J. TARDIF AND MR. CLAXTON  
HAD A MEETING IN OTTAWA WITH MR. BERNSTEIN OF FIRA ON WEDNESDAY,  
JANUARY 9. MR. BERNSTEIN TOOK A VERY UNCOMPROMISING LINE AND  
THE FIRA IS STILL OF THE OPINION THAT PM SHOULD FILE A NOTICE.  
IT IS EXPECTED THAT FIRA WILL CONFIRM THIS IN WRITING THIS WEEK.  
THE NEXT PROPOSED STEP IS TO REQUEST A MEETING WITH MR HOWARTH  
THE HEAD OF FIRA, SOME TIME IN FEBRUARY.

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2. POLITICAL ACTION

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A) GERMANY

DR. RUPERT WILL BE MEETING IN GERMANY, ON JANUARY 18, WITH DR. FRIEDRICKS, CHAIRMAN OF THE DRESDNER BANK, TO DISCUSS THE SITUATION IN THAT COUNTRY, MR. FRIEDRICKS IS THE PREDECESSOR OF COUNT LAMBSDORFF, AND A MEMBER OF THE SAME PARTY.

B) MR. LEYTON, RESPONSIBLE FOR BERLIN INVESTMENT CORPORATION, HAD A MEETING WITH COUNT LAMBSDORFF ON THURSDAY, JANUARY 7. MR. LEYTON SUBMITTED THE INFORMATION HE HAD RECEIVED FROM PMG TO LAMBSDORFF, WHO MADE NO COMMENT AT THAT TIME.

C) CONTACTS HAVE CONTINUED BETWEEN PMG AND THE GERMAN UNIONS IN THE HOPE OF ENLISTING THEIR SUPPORT.

3. OPERATIONS

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CONTRACT MANUFACTURING

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A) TABACOFINA

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DURING THE WEEK, MESSRS. J. LUYKS, W. DE PRYCKER AND W. ARTS VISITED THE FTR FACTORY, AND WERE GIVEN TECHNICAL EXPLANATIONS CONCERNING THE PRIMARY. A MEETING HAS BEEN FIXED FOR THE 21 AND 22 OF JANUARY IN BELGIUM, TO DISCUSS THE TRANSFER OF EQUIPMENT FROM PME TO TABACOFINA. THE CONVERSION FEES AND A DRAFT CONTRACT WILL BE PRESENTED FOR DISCUSSION AT THIS TIME.

B) CARRERAS ROTHMANS UK

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CONTRACT TALKS ARE AWAITING A DECISION ON CONVERSION FEES. THE SUBJECT WAS TAKEN UP WITH V. BRINK DURING HIS VISIT TO LAUSANNE LAST WEEK.

C) MARTIN BRINKMANN

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NO CONTACTS HAVE BEEN MADE AS YET AS WE ARE STILL AWAITING THE OUTCOME OF POO PROCEEDING.

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EXPANDED TOBACCO

TABACOFINA HAS NOT CONTACTED US VIS-A-VIS THE TRIALS PLANNED FOR JANUARY IN BERGEN-OP-ZOOM. PRELIMINARY INDICATIONS ON THE RESULTS OF THE TWO TRIALS HELD IN MUNICH FOR CARRERAS ARE EXCELLENT. A FINAL REPORT WILL BE AVAILABLE NEXT WEEK.

4. FINANCE / ADMINISTRATION

A) 959 FILING

A MEETING IS BEING HELD IN ZUG ON MONDAY, JANUARY 11 BETWEEN G. KLARMANN, E. DOWNING AND P.H. ELLIS TO DISCUSS THE QUESTION OF FILING IRS FORM 959. THE OBJECTIVE OF THE MEETING IS TO ESTABLISH THE EXTENT OF THE INFORMATION THAT REMBRANDT IS WILLING TO DIVULGE.

B) RTH

A BOARD MEETING WILL BE HELD ON JANUARY 18. THE MEETING WILL CONCERN ITSELF WITH DECLARING DIVIDENDS FOR THE FIRST 6 MONTHS OF 1981/82, AS WELL AS ADDRESSING CERTAIN BALANCE SHEET ISSUES. THE PM SHARE OF THE DIVIDEND IS APPROXIMATELY POUNDS 400,000 WHICH WILL BE PAYABLE ON JANUARY 27, 1982.

C) FINAL PROFIT FIGURE FOR THE THREE MONTHS ENDING SEPTEMBER 30, 1981, WAS PRETAX DLRs 38,173,000 AND NET DLRs 18,444,000.  
PM EQUITY IN THE NET PROFIT AMOUNTED TO DLRs 4,255,000. (EXCHANGE RATE USED NOT YET RECEIVED FROM TMK).

5. BUSINESS DEVELOPMENTS

A) CARTIER

A SUMMARY OF THE RESULTS OF OUR ANALYSIS IS READY, AND WILL BE DISCUSSED NEXT WEEK IN NEW YORK.

B) GERMANY

VARIOUS TRADEMARK ISSUES, SPECIALLY RELATING TO EVE, CHESTERFIELD AND MURATTI, WERE DISCUSSED IN LAUSANNE LAST WEEK WITH MR. BRINK, AND MESSRS. GUIDICE, KLAFFER, KERTER AND BREYER OF MR. BRINKMAN.

C) TRADEMARKS - OTHER

A LIST OF 15 COUNTRIES WHERE PM HAS A SPECIFIC INTEREST RE CAMBRIDGE IS AVAILABLE FOR DISCUSSION IN NEW YORK.

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METINGS HAVE BEEN ARRANGED FOR JANUARY 11 IN LAUSANNE BETWEEN  
MEMBERS OF GODFREY PHILIPS INDIA AND CARRERAS ROTHMANS MANAGEMENT,  
TO DISCUSS THE POSSIBILITY OF ROTHMANS LICENSING ITS TRADEMARKS  
TO GODFREY PHILIPS.

E) MALAYSIA

A MINOR PROBLEM IS STILL OUTSTANDING CONCERNING THE MALAYSIAN  
ONTRACT, BUT THIS IS EXPECTED TO BE RESOLVED VERY SOON.

6. GENERAL

THE FOLLOWING ARE RI PUBLIC COMPANIES' STOCK PRICES AS AT  
DECEMBER 24, AND 31, 1981, AND AS AT JANUARY 8, 1982 :

	DEC 24, 1981	DEC 31	JAN 8, 1982
ROTHMANS INT	73.5	74.5	74
DUNHILL	250	257	257
CARROLL'S	64	64	68
TABACOFINA - FORWARD	2620	2685	2900
- SPOT	2640	2685	2880
RPM CANADA - COMMON	22 1/0	22 3/4	22
- PREFERRED	NO ACTIVITY	NO ACTIVITY	9 1/2
CARL I. & C'KEEFE - COMMON	NO ACTIVITY	5 1/2	5 3/0
- PREFERRED A	NO ACTIVITY	16 1/2	15 5/0
- PREFERRED B	NO ACTIVITY	NO ACTIVITY	21
RPM AUSTRALIA - SIDNEY	4,20	4,25	NOT YET
- MELBOURNE	4,30	4,20	RECEIVED
ROTHMANS INDUSTRIES (N.Z.)	1,70	N/A	"
RPM MALAYSIA	} TRADING SUSPENDED PRIOR TO ANNOUNCEMENT RE 3 FOR 1 STOCK SPLIT.		

(NOTE : ALL STOCK PRICES AS AT JANUARY NOT YET RECEIVED;  
WILL TELEGRAPH TODAY.)

REGARDS,  
MARGARET A  
+++ TPS

RJWW

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